

State of Alaska FY2006 Governor's Operating Budget

Department of Natural Resources Administrative Services Component Budget Summary

Component: Administrative Services**Contribution to Department's Mission**

To provide effective and efficient administrative services to departmental employees and programs in order to maximize public service.

Core Services

This component provides administrative policy and management services to the department.

The Administrative Services Component consists of three sections, with staff located in Juneau and in Anchorage. The sections are:

1. Administrative Support
2. Financial Services
3. Revenue and Resource Accounting

The Administrative Support Section:

The Administrative Support Section includes the Director of the Support Services Division. This position provides general management and oversight to the State Recorder's Offices, the Information Resources Management Section, and Administrative Services Sections.

The Administrative Services Group is responsible for:

- Prepares and monitors the operating and capital budgets for the department
- Provides legislation liaison
- Tracks legislation, keeps bill analysis and fiscal notes current
- Provides legislative testimony on the department's budgets
- Manages office space, contracting services, procurement and control for; vehicles, equipment, supplies, and support services such as mail and courier service
- Provides consolidated mailroom services for the Anchorage DNR divisions. This includes sorting of all incoming mail, preparation of the daily courier pouch. These services also include maintaining the mail room supplies, postage machine, acting as the key operator for the copier machine, and distribution of mail.

The Financial Services Section:

This section provides centralized financial management and accounting in support of DNR components. The centralized functions include payment of all invoices; program receipts, federal grant and reimbursable service agreements accounting; payroll labor cost distributions; appropriation accounting; and payment of all inter-department billings. Financial Services establishes and implements departmental financial policies and procedures in accordance with laws, statutes, regulations, and Generally Accepted Accounting Principals (GAAP). This Section also provides departmental training in financial policies and procedures, grant accounting and AKSAS.

The staff ensures that:

- Accounting support for all federal grants and program receipts is provided. Annually over 157 different federal grants and program receipts are managed totaling in excess of \$26.5 million. In addition, Financial Services processes monthly billings on 312 reimbursable service agreements with a total budget of over \$24.6 million.
- Fire Suppression accounting support is provided to this unique program which involves accounting for a cooperative agreement with the federal government for payment of fire suppression expenses on State and Federal land. Billings to the U.S. Forest Service (USFS) and the Bureau of Land Management (BLM) range from \$2.4 to \$22.0 million. Track suppression expenditures in AKSAS for over 1,000 fire incidents annually.
- The department's Budget Analyst and Administrative Services Manager are supported in the preparation of the annual operating and capital budgets through all stages, posting of the operating and capital authorization to the correct appropriations in AKSAS, submission of fiscal notes, supplementals and revised programs.
- The department's budget projection reports are prepared, which are reviewed and distributed by the department's budget analyst.

- The distribution of accurate hardcopy AKSAS financial management reports and Geneva audit trails to the operating divisions. These reports are used to verify expenditures, bill federal grants and project expenditures. Financial Services also completes various reports and responses to DOA Division of Finance, Office of Management & Budget, Legislative Finance and Federal Agencies. Reports include: DOA's Annual Financial Reports, Federal Schedule, 1099 verification, OMB Federal Pass-through grants and Payment in-lieu of taxes.
- Training is provided to administrative staff on the use of the Alaska State Accounting System (AKSAS). This includes hands-on AKSAS classes, on-line management reporting and instruction in AKSAS payment certification. Training is also given on Accounts Payable policies, Federal Grant & Program receipt accounting, and training on the preparation of the state operating and capital budgets.

The Revenue & Resource Accounting Section:

This section is responsible for the revenue accounting for all DNR programs. In FY04 ~ \$1.4 billion in revenues were collected and accurately distributed to over 550 accounts within the DNR revenue structure.

The staff:

- Collects, controls and accounts for all annual revenues generated by the use, sale, or lease of the natural resources under the control of DNR.
- Provides timely and accurate billing, defaulting, maintenance of on-line information, and customer service for a portfolio composed of 18 contract types and 41,000 subsidiary lease and sale agreements.
- Provides training to DNR personnel on the use of the DNR Revenue and Billing computer system to track financial information for agreement management.
- Provides timely and accurate processing of department-wide travel and fire suppression subsistence expenditures to vendors and personnel within the Department.
- Distributes revenues accurately and as required by legislation.
- All statutory requirements are met for proper distribution of DNR revenues to the general fund, permanent fund, school fund, school escrow fund, mental health trust fund, budget reserve fund, land disposal income fund, and administrative settlement funds.
- Provides revenue activity reports in a timely manner to meet the needs of the DNR managers.
- Provides an annual report via magnetic media to the IRS of interest paid on 1,300 sale contracts, as required by federal law.
- Provides a Statement of Account to each sale contract customer summarizing the yearly account activity.
- Accurately maintains the 1,131 subsidiary trust deposits in agency trust accounts.
- Reviews, reconciles, and reports to Dept. of Administration each fiscal year on the status of DNR receivables in the general fund, school fund, school escrow trust fund, mental health trust fund, and the land disposal income fund.
- Responds to annual legislative audits conducted to ensure timely and accurate revenue processing.

End Results	Strategies to Achieve Results
A: Accurate and timely accounting <u>Target #1:</u> Clean financial audits <u>Measure #1:</u> No audit finding or recommendations	A1: Hire the best qualified candidates for vacant administrative positions <u>Target #1:</u> 100% compliance <u>Measure #1:</u> Select the best available candidate at the time of a vacancy. A2: Keep staffing to the absolute minimum <u>Target #1:</u> The FY04 base level is 39 PFT and 1 PPT positions <u>Measure #1:</u> Compare staffing to workload and only add extra staff when maximum volumes achievable by position are achieved.
End Results	Strategies to Achieve Results
B: Prepare and Monitor Budgets meeting Department	B1: Maintain a Management Information System that

and Governor's targets <u>Target #1:</u> Meet OMB and Legislative deadlines <u>Measure #1:</u> Percentage of compliance to deadlines	allows for timely and accurate budget tracking <u>Target #1:</u> Prepare 10 monthly Operating and Capital Budget status reports, track grants, contracts, restricted revenue programs and RSAs separately <u>Measure #1:</u> # of reports prepared.
End Results	Strategies to Achieve Results
C: Meet the department's central administrative needs at the lowest possible cost <u>Target #1:</u> Keep the Indirect Cost Rate within a 15-17% range of the department's personal services budget <u>Measure #1:</u> % of Federally approved Indirect Cost rate	C1: Consolidate space to the maximum level possible <u>Target #1:</u> Look at sharing rural offices between state agencies and combine DNR offices in the larger leases <u>Measure #1:</u> square feet consolidated, or dollars saved in leasing budget

Major Activities to Advance Strategies

- | | |
|---|---|
| <ul style="list-style-type: none"> • Budget preparation and monitoring • Resource revenue collection and billings • Office lease administration • Restricted revenue accounting, billing, and collections • Accounting structure and report management | <ul style="list-style-type: none"> • Procurement and property management • Legislative hearing support and testimony • Compliance with statutory, regulatory, administrative, and professional requirements • Management and supervision of department administrative support functions |
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FY2006 Resources Allocated to Achieve Results

FY2006 Component Budget: \$1,998,500

Personnel:

Full time	28
Part time	1
Total	29

Performance Measure Detail

A: Result - Accurate and timely accounting

Target #1: Clean financial audits

Measure #1: No audit finding or recommendations

Analysis of results and challenges: There have been no financial audit exceptions for DNR.

A1: Strategy - Hire the best qualified candidates for vacant administrative positions

Target #1: 100% compliance

Measure #1: Select the best available candidate at the time of a vacancy.

Analysis of results and challenges: Recruited the best qualified candidates for the vacancies in procurement and the Anchorage mailroom.

A2: Strategy - Keep staffing to the absolute minimum

Target #1: The FY04 base level is 39 PFT and 1 PPT positions

Measure #1: Compare staffing to workload and only add extra staff when maximum volumes achievable by position are achieved.

Analysis of results and challenges: With the additions of the Coastal Program, Large Project Planning & Permitting, and the Habitat groups we kept the same core staffing. We are reaching the limits in the areas of accounts payable and RSAs, as well as in Grant Accounting. With the addition of the Gas Pipeline project we may be adding staff in order to maintain our service levels.

B: Result - Prepare and Monitor Budgets meeting Department and Governor's targets

Target #1: Meet OMB and Legislative deadlines

Measure #1: Percentage of compliance to deadlines

Analysis of results and challenges: 100% compliance.

B1: Strategy - Maintain a Management Information System that allows for timely and accurate budget tracking

Target #1: Prepare 10 monthly Operating and Capital Budget status reports, track grants, contracts, restricted revenue programs and RSAs separately

Measure #1: # of reports prepared.

Analysis of results and challenges: 100% compliance. The result was all budgets stayed within their expenditure authorizations. Line-item authorizations were entered timely to reduce rejections. Restrictions were placed on unrealized revenues.

C: Result - Meet the department's central administrative needs at the lowest possible cost

Target #1: Keep the Indirect Cost Rate within a 15-17% range of the department's personal services budget

Measure #1: % of Federally approved Indirect Cost rate

Indirect Cost Rate

Fiscal Year	YTD
FY1999	16.3%
FY2000	16.7%
FY2001	17.7%
FY2002	16.2%
FY2003	15.5%
FY2004	15.7%
FY2005	13.56%

C1: Strategy - Consolidate space to the maximum level possible

Target #1: Look at sharing rural offices between state agencies and combine DNR offices in the larger leases

Measure #1: square feet consolidated, or dollars saved in leasing budget

Analysis of results and challenges: In FY04 and FY05 we added roughly ~50 additional positions into the Atwood building by consolidating space, and better space utilization - thus avoiding the need to rent ~7,000 additional sq.ft. of office space. This translates into roughly a \$100,000 savings on an annual basis.

Other areas where we better utilized space were in Palmer, Juneau, and Nome.

Key Component Challenges

Workforce development:

For the past several years the department has been in the process of updating the classifications of its various job class series. In FY02 the Recorders series was completed. In FY03 we completed the Natural Resource series and the Administrative Assistant and Managers. In FY05 we hope to complete the Park Rangers and Foresters series. These are all very important in recruiting and retention issues as well as internal alignment within state government. With the HR Integration project we hope our plans will be addressed.

The Labor Union Contract negotiations will be very important both for the Administration as well as for our employees. Playing an active role in this process is very important in terms of assuring administration efficiencies and making sure DNR's issues are addressed.

Purchasing:

Increased pressure to improve services to the public through the use of procurement cards, credit cards, and on-line services also increase the administrative workload and the requirement to establish proper checks and balances.

With increased requirements for e-commerce, privatization and outsourcing, more cooperative agreements with industry, and more federal contracts there is increased pressure on our procurement staff. Also, we have been experiencing more appeals which require much staff time. Staffing levels are continually being evaluated to make sure we can meet program requirements and deliverables.

Indirect Cost Recovery:

With the latest rounds of cost increases and last year's legislative budget reduction we reached the limit of what is reasonable in recovering from the DNR operating programs. The Commissioner's Office and Administrative Services have been dependent on the collection of these Indirect Cost recoveries to balance their budgets. In the past several years federal fires in the lower-48 have allowed us to meet our I/A budget requirement. A low fire year in the lower-48 will result in a budget shortfall.

Facilities and space management:

With reorganizations and changing budgets came the requirement to change our space requirements. At the same time DOA implemented and intends to reinforce space standards, and transferred all of the leasing budgets to each agency, all of which add an extra dimension to facilities management as we will fall short each year in meeting the CPI increases. Modifying space to better utilize existing space can and has been done but management has only limited options.

Significant Changes in Results to be Delivered in FY2006

With the Human Resource Integration in DOA the staff transferred and we will now pay for this service based on a chargeback system, hopefully with no reduction in results and services.

In FY04 we expanded our services to the Office of Habitat Management & Permitting, and the Office of Project Management & Permitting. These organizations were transferred in FY03 by Executive Order. The result is improved administrative and IT coordination between all of the DNR programs.

Major Component Accomplishments in 2004

Assimilation of Office of Habitat Permitting and Management, and the Alaska Coastal Management Program of the Office of Project Management & Permitting into the DNR administrative structures and processes.

Coordinated the FY05 preparation, presentation, and justification of DNR's operating and capital budgets in a thorough and timely manner.

Continued the level of procurement support by processing 385 procurement transactions. FY 04 transactions resulted in approximately \$16.4 million in awards, \$3.0 million in 22 aircraft related contracts, \$2.7 million in 94 professional services contracts, \$4.27 million in 27 construction contracts, approximately \$700K in 12 MOU's and cooperative agreements and the balance of the transactions - 230 worth approximately \$8.43 million in grants and procurement of

routine services, equipment, and materials.

Accurately receipted payments and coordinated the receipting and depositing activities for receipts handled by 75 personnel located in 30 area offices. Accounted for the distribution of \$1.4 billion in revenues to the following funds: General Fund, Land Disposal Income Fund, School Fund, Permanent Fund, and Mental Health Trust.

Audited and maintained approximately 45,000 subsidiary ledgers. Provided quality customer service for over 40,000 lease and sale contracts. Provided on time, accurate reports to the IRS on land sale contracts including a Statement of Account on all payment activity by each contract holder.

Continued the customer focus that resulted in ~30,000 invoices, totaling more than \$80 million being paid in an average turnaround of 25.6 days.

Accurately tracked approximately 150 different federal grant and program receipt sources. Correctly processed over 350 Servicing and Requesting Reimbursable Service Agreements. Maintained the Fire Suppression Account to fully support this critical and complex joint federal and state multi-agency incident based program.

Accurately managed over \$10 million in controlled equipment.

Statutory and Regulatory Authority

AS23, AS38, AS36.30, AS39, and AS43.05

Contact Information

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Administrative Services Component Financial Summary

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,766.7	1,756.1	1,878.0
72000 Travel	13.2	11.8	11.8
73000 Services	694.0	86.2	81.2
74000 Commodities	46.0	22.5	27.5
75000 Capital Outlay	34.5	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	2,554.4	1,876.6	1,998.5
Funding Sources:			
1004 General Fund Receipts	1,572.8	1,062.3	1,120.4
1007 Inter-Agency Receipts	851.7	622.6	677.1
1061 Capital Improvement Project Receipts	35.4	0.0	0.0
1153 State Land Disposal Income Fund	94.5	191.7	201.0
Funding Totals	2,554.4	1,876.6	1,998.5

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Unrestricted Revenues				
Unrestricted Fund	68515	20.2	0.0	0.0
Unrestricted Total		20.2	0.0	0.0
Restricted Revenues				
Interagency Receipts	51015	851.7	622.6	677.1
Capital Improvement Project Receipts	51200	35.4	0.0	0.0
State Land Disposal Income Fund	51434	94.5	191.7	201.0
Restricted Total		981.6	814.3	878.1
Total Estimated Revenues		1,001.8	814.3	878.1

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	1,062.3	0.0	814.3	1,876.6
Adjustments which will continue current level of service:				
-FY 05 Bargaining Unit Contract Terms: GGU	8.2	0.0	6.1	14.3
-FY06 Cost Increases for Bargaining Units and Non-Covered Employees	49.9	0.0	6.1	56.0
-Adjustments for Personal Services Working Reserve Rates and SBS	0.0	0.0	1.6	1.6
Proposed budget increases:				
-Increased I/A Receipts from Indirect Cost Recovery to Fund Current Staffing Levels	0.0	0.0	50.0	50.0
FY2006 Governor	1,120.4	0.0	878.1	1,998.5

Administrative Services Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY2005</u> <u>Management</u> <u>Plan</u>	<u>FY2006</u> <u>Governor</u>		
Full-time	28	28	Annual Salaries	1,301,564
Part-time	1	1	COLA	15,710
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	697,899
			<i>Less 3.67% Vacancy Factor</i>	(73,873)
			Lump Sum Premium Pay	0
Totals	29	29	Total Personal Services	1,941,300

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant II	1	0	0	0	1
Accountant III	0	0	1	0	1
Accountant IV	1	0	1	0	2
Accounting Clerk I	0	0	1	0	1
Accounting Clerk II	3	0	3	0	6
Accounting Spvr I	0	0	1	0	1
Accounting Tech I	3	0	1	0	4
Accounting Tech II	2	0	1	0	3
Accounting Tech III	0	0	1	0	1
Administrative Assistant	0	0	1	0	1
Administrative Clerk III	1	0	0	0	1
Administrative Svcs Mgr II	0	0	1	0	1
Division Director	0	0	1	0	1
Mail Svcs Courier	1	0	0	0	1
Procurement Spec I	1	0	0	0	1
Procurement Spec II	1	0	0	0	1
Procurement Spec IV	1	0	0	0	1
Program Budget Analyst IV	0	0	1	0	1
Totals	15	0	14	0	29